the State regardless of whether State development strategies include Indian reservations within the State's boundaries. Indians residing on such reservations must have an equal opportunity along with other rural residents to participate in the benefits of this program. This includes equal application of outreach activities of Field Offices.

(e) Federal statutes provide for extending the Agency financial programs without regard to race, color, religion, sex, national origin, marital status, age, or physical/mental handicap (provided the participant possesses the capacity to enter into legal contracts).

#### § 1778.2 [Reserved]

#### §1778.3 Objective.

The objective of the ECWAG Program is to assist the residents of rural areas that have experienced a significant decline in quantity or quality of water, or in which such a decline is considered imminent, to obtain or maintain adequate quantities of water that meets the standards set by the Safe Drinking Water Act (42 U.S.Č. 300f et seq.) (SDWA).

# §1778.4 Definitions.

Acute shortage. An acute shortage is a situation in which the system either cannot deliver water at all through its distribution system or can only deliver water on a sporadic basis.

Emergency. Occurrence of an incident such as, but not limited to, a drought; earthquake; flood; tornado; hurricane; disease outbreak; or chemical spill, leakage, or seepage.

Rural areas. Includes any area not in a city or town with a population in excess of 10,000 inhabitants, according to the latest decennial census of the United States. located in any of the fifty States, the Commonwealth of Puerto Rico, the Western Pacific Territories, Marshall Islands, Federated States of Micronesia, Republic Palau, and the U.S. Virgin Islands.

Significant decline in quality. A significant decline in quality of potable water occurs when the present community source or delivery system does not meet, as a result of an emergency, the current SDWA requirements. For a private source or delivery system a significant decline in quality occurs when the water is no longer potable as a result of an emergency. As used in this Subpart, the term significant decline in quality may also include a situation where a significant decline is likely to occur within one year from the date of

the filing of an application.

Significant decline in quantity. A significant decline in the quantity is caused by a disruption of the potable water supply by an emergency. The disruption in quantity of water prevents the present source or delivery system from supplying potable water needs to rural residents. This would not include a decline in excess water capacity. As used in this Subpart, the term significant decline in quantity may also include a situation where a significant decline is likely to occur within one year from the date of the filing of an application.

#### §1778.5 [Reserved]

### § 1778.6 Eligibility.

(a) Grants may be made to public bodies and private nonprofit corporations serving rural areas. Public bodies include counties, cities, townships, incorporated towns and villages, boroughs, authorities, districts, and other political subdivisions of a State. Public bodies also include Indian tribes on Federal and State reservations and other Federally recognized Indian Trib-

al groups in rural areas.

(b) In the case of grants made to alleviate a significant decline in quantity or quality of water available from the water supplies of rural residents, the applicant must demonstrate that the decline occurred within two years of the date the application was filed with the Agency. This would not apply to grants made for repairs, partial replacement, or significant maintenance on an established water system. In situations involving imminent decline, evidence must be presented to demonstrate that the decline is likely to occur within one year of the date the application is filed with the Agency.

## §1778.7 Project priority.

Paragraph (d) of this section indicates items and conditions which must be considered in selecting applications